

CASS COUNTY ENVIRONMENTAL CONTROL AGENCY

INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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Cass County Environmental Control Agency

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Cass County Environmental Control Agency

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Kathy Somers	Chairperson	City of Atlantic
Lori Holste	Vice Chairperson	City of Marne
Duane McFadden	Member	Cass County
Frank Waters	Member	Cass County
Dennis Zimmerman	Member	City of Anita
Ashley Hayes	Member	City of Atlantic
Virginia Coughlin	Member	City of Cumberland
Barry Moore	Member	City of Griswold
Marvin Bradfield	Member	City of Lewis
Micah Lee	Member	City of Massena
Ford Lillard	Member	City of Wiota
Brandi Hansen	Manager, Secretary-Treasurer	

# Gronewold, Bell, Kyhnn & Co. P.C.

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DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Cass County  
Environmental Control Agency

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of Cass County Environmental Control Agency (a 28E Organization) as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of the Cass County  
Environmental Control Agency

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cass County Environmental Control Agency as of June 30, 2016 and 2015 and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis on pages 4 through 4c be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2016 on our consideration of Cass County Environmental Control Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cass County Environmental Control Agency's internal control over financial reporting and compliance.

*Gregory W. Bell, Ben, Lyman & Co. P.C.*

Atlantic, Iowa  
October 11, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Cass County Environmental Control Agency (Agency) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The Agency's operating revenue increased 10.0%, or \$87,180 from fiscal year 2015 to fiscal 2016.
- The Agency's operating expenses were 7.7%, or \$72,055 higher in fiscal year 2016 than in fiscal 2015.
- The Agency's net position decreased \$66,204 from June 30, 2015 to June 30, 2016.

### USING THIS ANNUAL REPORT

The Cass County Environmental Control Agency's accounts are organized as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Agency presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenue and expenses, nonoperating revenue and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## FINANCIAL ANALYSIS OF THE AGENCY

### *Statement of Net Position*

Net position may serve over time as a useful indicator of the Agency's financial position. A summary of the Agency's net position at June 30, 2016 and 2015 is presented below.

	<u>2016</u>	<u>2015</u>
Current assets.....	\$ 219,376	\$ 109,438
Noncurrent restricted assets.....	280,334	243,189
Capital assets.....	<u>1,689,298</u>	<u>1,930,793</u>
Total Assets	2,189,008	2,283,420
Current liabilities.....	178,738	192,298
Noncurrent liabilities.....	<u>1,679,114</u>	<u>1,693,762</u>
Total Liabilities	1,857,852	1,886,060
Net Position		
Invested in capital assets.....	1,262,328	1,366,223
Restricted / Unrestricted.....	<u>( 931,172)</u>	<u>( 968,863)</u>
Total Net Position	<u>\$ 331,156</u>	<u>\$ 397,360</u>

A portion of the Agency's 2016 net position is restricted for closure and postclosure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of 30 years after closure.

### ***Statement of Revenue, Expenses and Changes in Net Position***

Operating revenue is received for fees from accepting solid waste from the residents and businesses of the county. Operating expenses are expenses paid to operate the landfill. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. Non-operating revenue and expenses include interest income and changes in the fair value of investments. A summary of revenue, expenses and changes in net position for the years ended June 30, 2016 and 2015 is presented below:

	<u>2016</u>	<u>2015</u>
Operating revenue.....	\$ 961,409	\$ 874,229
Operating expenses.....	<u>1,009,898</u>	<u>937,843</u>
Operating Loss.....	( 48,489)	( 63,614)
Net nonoperating revenue (expense).....	<u>( 17,715)</u>	<u>( 10,021)</u>
Change in Net Position.....	( 66,204)	( 73,635)
Net Position – Beginning of Year.....	<u>397,360</u>	<u>470,995</u>
Net Position – End of Year.....	<u>\$ 331,156</u>	<u>\$ 397,360</u>

In fiscal 2016, operating revenue increased by \$87,180, primarily a result of the increased tonnage rate disposed of in the landfill. Operating expenses increased by \$72,055, primarily due to increase in closure and postclosure care costs.

### ***Statement of Cash Flows***

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities in fiscal 2016 includes landfill fees and recycling revenues reduced by payments to employees and to suppliers. Cash used in capital and related financing activities in fiscal year 2016 includes the purchase of capital assets, and proceeds and payments on long term debt.

### **CAPITAL ASSETS**

At June 30, 2016 the Agency had approximately \$1,689,298 invested in capital assets.

### **LONG-TERM DEBT**

At June 30, 2016, the Agency had \$381,008 outstanding for notes payable, a decrease of \$108,289 from June 30, 2015. At June 30, 2016, the Agency had \$45,962 outstanding for capital lease purchase agreements, a decrease of \$29,311 from June 30, 2015. Additional information about the Agency's long-term debt is presented in Notes 5, 6, and 7 to the financial statements.



## **ECONOMIC FACTORS**

The Agency's primary source of revenue is landfill tipping fees. Landfill tipping fees were at \$100.00 per ton in FY 2016. The tipping fees were increased July 1, 2015 to \$100.00 per ton. Operating expenditures in FY 2017 are expected to remain about the same as expenditures for fiscal year 2016.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cass County Environmental Control Agency, 65928 Jackson Road, Atlantic, Iowa 50022.

Cass County Environmental Control Agency

Statements of Net Position

June 30,

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 109,304	\$ 7,800
Accounts receivable	82,649	78,983
Prepaid insurance	<u>27,423</u>	<u>22,655</u>
Total current assets	219,376	109,438
Noncurrent assets:		
Restricted assets:		
Cash	257,074	223,932
Cash held in escrow by Cass County	<u>23,260</u>	<u>19,257</u>
	280,334	243,189
Capital assets:		
Non-depreciable capital assets	680,000	680,000
Depreciable capital assets, net	<u>1,009,298</u>	<u>1,250,793</u>
	<u>1,689,298</u>	<u>1,930,793</u>
 Total assets	 <u>\$ 2,189,008</u>	 <u>\$ 2,283,420</u>

The accompanying notes are an integral part of these statements.

	<u>2016</u>	<u>2015</u>
<b>Liabilities and Net Position</b>		
<b>Current liabilities:</b>		
Line of credit	\$ --	\$ 20,000
Current maturities of capital leases	14,285	29,310
Current maturities of notes payable	129,371	118,598
Accounts payable, trade	9,674	9,796
Due to other governments	25,408	14,148
Accrued interest payable	--	446
Total current liabilities	<u>178,738</u>	<u>192,298</u>
<b>Non-current liabilities:</b>		
Capital leases, less current maturities	31,677	45,963
Notes payable, less current maturities	251,637	370,699
Estimated liability for landfill closure and postclosure care costs	<u>1,395,800</u>	<u>1,277,100</u>
Total non-current liabilities	<u>1,679,114</u>	<u>1,693,762</u>
Total liabilities	<u>1,857,852</u>	<u>1,886,060</u>
<b>Net position:</b>		
Invested in capital assets, net of related debt	1,262,328	1,366,223
Restricted for:		
Tonnage fees retained	23,260	19,257
Closure and postclosure care	257,074	223,932
Unrestricted	<u>( 1,211,506)</u>	<u>( 1,212,052)</u>
Total net position	<u>331,156</u>	<u>397,360</u>
Total liabilities and net position	<u>\$ 2,189,008</u>	<u>\$ 2,283,420</u>

Cass County Environmental Control Agency  
 Statements of Revenues, Expenses and Changes in Net Position  
 Year ended June 30,

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Solid waste fees	\$ 905,858	\$ 812,179
Recyclables	44,567	55,874
Other	10,984	6,176
Total operating revenues	<u>961,409</u>	<u>874,229</u>
Operating expenses:		
Administration	70,522	59,377
Engineering	104,068	43,722
Recycling expenses	116,895	129,228
Cover, compacting and scale expenses	170,407	169,517
Equipment	46,369	89,544
Mandated changes	29,535	3,168
Buildings and grounds	300,023	319,768
Closure and postclosure care costs	118,700	56,700
Tonnage fees to Iowa Department of Natural Resources	18,294	18,242
Contracted benefits	35,085	48,577
Total operating expenses	<u>1,009,898</u>	<u>937,843</u>
Operating loss	( 48,489)	( 63,614)
Non-operating revenues (expenses):		
Grant revenue	4,958	20,423
Interest income	288	235
Interest expense	( 22,961)	( 30,679)
Non-operating revenues (expenses), net	<u>( 17,715)</u>	<u>( 10,021)</u>
Change in net position	( 66,204)	( 73,635)
Net position beginning of year	<u>397,360</u>	<u>470,995</u>
Net position end of year	<u>\$ 331,156</u>	<u>\$ 397,360</u>

The accompanying notes are an integral part of these statements.

## Cass County Environmental Control Agency

## Statements of Cash Flows

Year ended June 30,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from solid waste fees	\$ 902,192	\$ 796,692
Cash received from recyclables	44,567	55,874
Cash received from other revenue	10,984	6,176
Cash payments to suppliers for goods and services	( 430,977)	( 407,762)
Cash payments for contracted staff	( 183,974)	( 202,588)
Net cash provided by operating activities	<u>342,792</u>	<u>248,392</u>
Cash flows from noncapital related financing activities:		
Principal payments on line of credit	( 20,000)	--
Interest payments on line of credit	( 239)	( 373)
Fee paid on line of credit	( 3,125)	( 3,125)
Net cash used in noncapital related financing activities	<u>( 23,364)</u>	<u>( 3,498)</u>
Cash flows from capital and related financing activities:		
Cash received from grantor agency	4,958	20,423
Purchase of capital assets	--	( 48,160)
Proceeds on note payable	--	20,000
Principal payments on capital leases	( 29,311)	( 45,740)
Principal payments on notes payable	( 136,671)	( 143,547)
Interest payments on long-term debt	( 20,043)	( 27,643)
Net cash used in capital and related financing activities	<u>( 181,067)</u>	<u>( 224,667)</u>
Cash flows from investing activities:		
Interest received	<u>288</u>	<u>235</u>
Net increase in cash and cash equivalents	138,649	20,462
Cash and cash equivalents at beginning of year	<u>250,989</u>	<u>230,527</u>
Cash and cash equivalents at end of year	<u>\$ 389,638</u>	<u>\$ 250,989</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash in current assets	\$ 109,304	\$ 7,800
Cash held in escrow in restricted assets	23,260	19,257
Cash in restricted assets	<u>257,074</u>	<u>223,932</u>
Total cash and cash equivalents	<u>\$ 389,638</u>	<u>\$ 250,989</u>

(continued next page)

## Cass County Environmental Control Agency

## Statements of Cash Flows - Continued

Year ended June 30,

	<u>2016</u>	<u>2015</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$( 48,489)	\$( 63,614)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	269,877	281,055
Closure and postclosure care costs	118,700	56,700
Changes in assets and liabilities:		
Increase in accounts receivable	( 3,666)	( 15,487)
Increase in prepaid insurance	( 4,768)	( 2,310)
Decrease in accounts payable, trade	( 122)	( 3,065)
Increase (decrease) in due to other governments	11,260	( 4,887)
Total adjustments	<u>391,281</u>	<u>312,006</u>
Net cash provided by operating activities	<u>\$ 342,792</u>	<u>\$ 248,392</u>

## Non-Cash Transactions:

The Agency also recorded the following non-cash transactions in addition to the transactions reflected in the reconciliation of operating loss to net cash provided by operating activities.

	<u>2016</u>	<u>2015</u>
Purchase of equipment with capital lease	<u>\$ --</u>	<u>\$ 71,937</u>
Purchase of equipment with note payable	<u>\$ 28,382</u>	<u>\$ --</u>

The accompanying notes are an integral part of these statements.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cass County Environmental Control Agency was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Cass County for use by all residents of the County.

The Agency is composed of one representative from each of the eight member cities, except that the City of Atlantic appoints one additional representative and two representatives from Cass County. The member cities are: Anita, Atlantic, Cumberland, Griswold, Lewis, Massena, Marne and Wiota. The representative of a city is appointed by the political subdivision to be represented.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Cass County Environmental Control Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Agency are organized as an Enterprise Fund. Enterprise funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments, and Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Restricted Assets - Funds set aside for payment of closure and postclosure care are classified as restricted.

Accounts Receivable - Accounts receivable represent amounts that are due and payable from customers but have not been collected at June 30. Management of the Agency believes the receivables will be realized without material collection losses; therefore, no allowance for uncollectible accounts exists.



Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Capital assets are accounted for at historical cost. Capital assets with lives in excess of three years and cost in excess of \$500 are capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Equipment and vehicles	3-20

Interest is capitalized on qualified assets. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the years ended June 30, 2016 and 2015.

Compensated Absences - Agency's contracted staff accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. This liability is included in the amount due to other governments.

NOTE 2 - CASH AND INVESTMENTS

The Agency's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to ensure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 3 - CAPITAL ASSETS

A summary of capital assets at June 30, 2016 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land	\$ 680,000	\$ --	\$ --	680,000
Total capital assets not being depreciated	<u>680,000</u>	<u>--</u>	<u>--</u>	<u>680,000</u>
Capital assets being depreciated:				
Land improvements	1,203,074	--	--	1,203,074
Buildings	760,684	--	--	760,684
Equipment and vehicles	<u>1,497,115</u>	<u>28,382</u>	<u>--</u>	<u>1,525,497</u>
Total capital assets being depreciated	<u>3,460,873</u>	<u>28,382</u>	<u>--</u>	<u>3,489,255</u>
Less accumulated depreciation for:				
Land improvements	798,055	119,375	--	917,430
Buildings	302,076	27,738	--	329,814
Equipment and vehicles	<u>1,109,949</u>	<u>122,764</u>	<u>--</u>	<u>1,232,713</u>
Total accumulated depreciation	<u>2,210,080</u>	<u>269,877</u>	<u>--</u>	<u>2,479,957</u>
Total capital assets being depreciated, net	<u>1,250,793</u>	<u>( 241,495)</u>	<u>--</u>	<u>1,009,298</u>
Total capital assets, net	<u>\$ 1,930,793</u>	<u>\$ ( 241,495)</u>	<u>\$ --</u>	<u>\$ 1,689,298</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 3 - CAPITAL ASSETS - Continued

A summary of capital assets at June 30, 2015 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land	\$ 680,000	\$ --	\$ --	\$ 680,000
Construction in progress	<u>25,300</u>	<u>8,285</u>	<u>33,585</u>	<u>--</u>
Total capital assets not being depreciated	<u>705,300</u>	<u>8,285</u>	<u>33,585</u>	<u>680,000</u>
Capital assets being depreciated:				
Land improvements	1,203,074	--	--	1,203,074
Buildings	760,684	--	--	760,684
Equipment and vehicles	<u>1,351,718</u>	<u>145,397</u>	<u>--</u>	<u>1,497,115</u>
Total capital assets being depreciated	<u>3,315,476</u>	<u>145,397</u>	<u>--</u>	<u>3,460,873</u>
Less accumulated depreciation for:				
Land improvements	676,705	121,350	--	798,055
Buildings	274,338	27,738	--	302,076
Equipment and vehicles	<u>977,982</u>	<u>131,967</u>	<u>--</u>	<u>1,109,949</u>
Total accumulated depreciation	<u>1,929,025</u>	<u>281,055</u>	<u>--</u>	<u>2,210,080</u>
Total capital assets being depreciated, net	<u>1,386,451</u>	<u>( 135,658)</u>	<u>--</u>	<u>1,250,793</u>
Total capital assets, net	<u>\$ 2,091,751</u>	<u>\$ ( 127,373)</u>	<u>\$ 33,585</u>	<u>\$ 1,930,793</u>

Equipment costing \$71,937 (\$130,262 in 2015) has been purchased under capital lease agreements. Accumulated depreciation on this equipment totals \$18,841 (\$50,364 in 2015), including \$10,277 (\$20,229 in 2015) of depreciation for the year ended June 30, 2016.

NOTE 4 - LINE OF CREDIT

The Agency entered into a line of credit agreement in the amount of \$100,000 bearing an interest rate of 4% due May 1, 2016. The primary purpose of the line of credit was to provide operating funds. As of June 30, 2016, the outstanding balance on the line of credit was \$ - 0 - (\$20,000 as of June 30, 2015).

# Cass County Environmental Control Agency

## Notes to Financial Statements

June 30, 2016 and 2015

### NOTE 5 - NON-CURRENT LIABILITIES

A schedule of changes in the Agency's non-current liabilities for the year ended June 30, 2016 and 2015 follows:

	<u>Balance 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2016</u>	<u>Current Portion</u>
Note Payable, 2007	\$ 115,544	\$ --	\$ 58,892	\$ 56,652	\$ 56,652
Note Payable, May, 2012	360,677	--	56,819	303,858	53,798
Note Payable, March, 2014	13,076	--	13,076	--	--
Note Payable, Caterpillar	<u>--</u>	<u>28,382</u>	<u>7,884</u>	<u>20,498</u>	<u>18,921</u>
	489,297	28,382	136,671	381,008	129,371
Capital Lease Obligations:					
John Deere	15,590	--	15,590	--	--
Piccar	<u>59,683</u>	<u>--</u>	<u>13,721</u>	<u>45,962</u>	<u>14,285</u>
	75,273	--	29,311	45,962	14,285
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>1,277,100</u>	<u>118,700</u>	<u>--</u>	<u>1,395,800</u>	<u>--</u>
Total Non-Current Liabilities	<u>\$1,841,670</u>	<u>\$ 147,082</u>	<u>\$ 165,982</u>	<u>\$1,822,770</u>	<u>\$ 143,656</u>
	<u>Balance 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2015</u>	<u>Current Portion</u>
Note Payable, 2007	\$ 171,489	\$ --	\$ 55,945	\$ 115,544	\$ 53,779
Note Payable, May, 2012	414,760	--	54,083	360,677	51,743
Note Payable, March, 2014	<u>26,595</u>	<u>--</u>	<u>13,519</u>	<u>13,076</u>	<u>13,076</u>
	612,844	--	123,547	489,297	118,598
Capital Lease Obligations:					
Caterpillar	18,589	--	18,589	--	--
John Deere	30,487	--	14,897	15,590	15,590
Piccar	<u>--</u>	<u>71,937</u>	<u>12,254</u>	<u>59,683</u>	<u>13,720</u>
	49,076	71,937	45,740	75,273	29,310
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>1,220,400</u>	<u>56,700</u>	<u>--</u>	<u>1,277,100</u>	<u>--</u>
Total Non-Current Liabilities	<u>\$1,882,320</u>	<u>\$ 128,637</u>	<u>\$ 169,287</u>	<u>\$1,841,670</u>	<u>\$ 147,908</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 6 - CAPITAL LEASES

The Agency entered into a capital lease agreement with John Deere on December 9, 2011 for a tractor. The agreement required annual payments of \$16,313 made on the 12<sup>th</sup> of December for four years including interest at 4.55%.

The Agency entered into a capital lease agreement with Piccar Financial on August 20, 2014 for a semi tractor. The agreement calls for monthly payments of \$1,323 for a period of 60 months at an approximate interest rate of 3.95%.

The following is a schedule by year of future minimum lease payments and present value of net minimum lease payments:

Year Ending June 30,	Present Value of Net Minimum Lease Payments	Amount Representing Interest	Total Minimum Lease Payments
2017	\$ 14,285	\$ 1,595	\$ 15,880
2018	14,873	1,007	15,880
2019	15,485	395	15,880
2020	<u>1,319</u>	<u>4</u>	<u>1,323</u>
Totals	<u>\$ 45,962</u>	<u>\$ 3,001</u>	<u>\$ 48,963</u>

NOTE 7 - NOTES PAYABLE

The Agency entered into a mortgage note payable for \$500,000 on May 22, 2007 with a local bank to finance expansion and compliance with DNR regulations. The note requires monthly payments of \$5,250, including interest at 4.75% maturing on June 1, 2017.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 7 - NOTES PAYABLE - Continued

The Agency entered into a mortgage payable for \$521,443 on May 7, 2012 with a local bank to finance expansion and compliance with DNR regulations. The note requires monthly payments of \$5,800, including interest at 3.9% maturing on April 1, 2021.

The Agency entered into a note payable for \$31,000 on March 6, 2014 with a local bank to finance the purchase of equipment and refinance the March, 2013 note payable. The note required monthly payments of \$1,200, including interest at 4.25% maturing July 6, 2016. The note was collateralized by the equipment purchased.

The Agency entered into a note payable with CAT financing on January 15, 2016 for CAT track drive overhaul. The note requires monthly payments of \$1,577 with 0% interest maturing August 5, 2017.

Scheduled principal and interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 129,371	\$ 11,349	\$ 140,720
2018	62,497	8,680	71,177
2019	63,339	6,261	69,600
2020	65,854	3,746	69,600
2021	<u>59,947</u>	<u>1,047</u>	<u>60,994</u>
	<u>\$ 381,008</u>	<u>\$ 31,083</u>	<u>\$ 412,091</u>



Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 8 - CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Agency have been estimated at \$858,903 for closure and \$864,714 for postclosure, for a total of \$1,723,617 as of June 30, 2016, and the portion of the liability that has been recognized is \$1,395,800. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Subtitle D Cell (Phase 0) began accepting waste October 1, 2007 and has an estimated remaining life of .25 years. The Subtitle D Cell (Phase 1) began accepting waste June, 2009 and has an estimated remaining life of 1 year. The Subtitle D Cell (Phase 2) began accepting waste June, 2012 and has an estimated remaining life of 1 year.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2016, assets of \$257,074 are restricted for these purposes, of which \$89,746 is for closure and \$167,328 is for postclosure care. They are reported as restricted assets and restricted net position on the Statements of Net Position.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 8 - CLOSURE AND POSTCLOSURE CARE COSTS - Continued

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Agency to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

NOTE 9 - SOLID WASTE TONNAGE FEES RETAINED

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2016, the unspent amounts retained by the Agency and restricted for the required purposes totaled \$23,260 (\$19,257 as of June 30, 2015).

NOTE 10 - RISK MANAGEMENT

The Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.



Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 10 - RISK MANAGEMENT - Continued

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its operating fund at the time of payment to the risk pool. The Agency's contributions to the Pool were \$24,552 and \$24,542 for the years ended June 30, 2016 and 2015, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the Agency's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 10 - RISK MANAGEMENT - Continued

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with Workers' Compensation and Crime in the amount of \$1,000,000 and \$25,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - RELATED ORGANIZATION

The Agency has administrative support provided by Cass County, IA. Support provided includes contracting administrative personnel from Cass County, IA, paying expenses, debt payments, and capital acquisitions of the Agency, and maintaining the accounting records for the Agency. The Agency reimburses Cass County, IA on a monthly basis for all cash transactions from the month. Below is a list of amounts due to Cass County, IA at year end, and the transactions between Cass County, IA and the Agency during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Contracted staff wages	<u>\$ 183,974</u>	<u>\$ 202,588</u>
Contracted staff benefits	<u>\$ 86,566</u>	<u>\$ 98,518</u>
Administrative fees to Cass County, IA	<u>\$ 6,000</u>	<u>\$ 6,000</u>
Other expenses paid for the Agency by Cass County, IA	<u>\$ 367,742</u>	<u>\$ 323,661</u>
Debt payments and capital acquisitions	<u>\$ 206,025</u>	<u>\$ 265,090</u>
Payable to Cass County, IA at June 30	<u>\$ 20,571</u>	<u>\$ 9,138</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 12 - CONTINGENCIES

Line of Credit

The Agency entered into a line of credit agreement in the amount of \$1,500,000 bearing an interest rate of 5%, due April 1, 2017. The primary purpose of the line of credit is to show the Agency can demonstrate financial assurance for closure and postclosure care costs. As of June 30, 2016, the outstanding balance on the line of credit was \$ - 0 - .

Subsequent Events

The Agency has evaluated all subsequent events through October 11, 2016, the date the financial statements were available to be issued.

NOTE 13 - DEFICIT UNRESTRICTED NET POSITION

The Agency had a deficit unrestricted net position at June 30, 2016, entirely due to the net estimated liability for landfill closure and postclosure costs. Total net position remained positive.

NOTE 14 - RECLASSIFICATIONS

Certain amounts or presentations in the June 30, 2015 statements may have been reclassified to conform to the June 30, 2016 presentation. Ending net position remained unchanged as a result of any reclassifications.

\* \* \*

## COMMENTS AND RECOMMENDATIONS

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# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members of the Cass County  
Environmental Control Agency  
Atlantic, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cass County Environmental Control Agency as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2016.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cass County Environmental Control Agency's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cass County Environmental Control Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cass County Environmental Control Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 16-I-A.

To the Members of the Cass County  
Environmental Control Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cass County Environmental Control Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to Findings

Cass County Environmental Control Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings. Cass County Environmental Control Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gmewoll, Ben, Kyhn & W.P. C

Atlantic, Iowa  
October 11, 2016



Cass County Environmental Control Agency

Schedule of Findings and Responses

Year ended June 30, 2016

PART I - INTERNAL CONTROL DEFICIENCIES

16-I-A Segregation of Duties: A limited number of people have the primary responsibility for many of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Agency. This is a common deficiency among small Organizations.

Recommendation: We recognize that it may not be economically feasible for the Agency to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Agency to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

\* \* \*

PART II - INSTANCES OF NON-COMPLIANCE

No matters were reported.

\* \* \*

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

16-III-A Questionable Expenses: No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

16-III-B Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

16-III-C Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on September 1, 2015 to discuss matters relating to the Agency. The minutes record does not document the vote of each member on the question of holding the closed session as required by Chapter 21.5(2) of the Code of Iowa.

Recommendation: The Board of Directors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa.

Response: This was an oversight. We usually record the vote as required and will do so in the future.

Conclusion: Response accepted.

Cass County Environmental Control Agency

Schedule of Findings and Responses

Year ended June 30, 2016

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -  
Continued

16-III-D Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

16-III-E Solid Waste Tonnage Fees Retained: No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

16-III-F Financial Assurance: The Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(b) of the Code of Iowa. The calculation is made as follows:

	Closure	Open Cells	Postclosure Closed Cells	Total
Total estimated costs for closure and postclosure care	\$ 858,903	\$ 163,595	\$ 701,119	\$ 864,714
Less: Balance of funds held in the local dedicated fund at June 30, 2015	<u>66,657</u> 792,246	<u>12,496</u> 151,099	<u>144,779</u> 556,340	<u>157,275</u> 707,439
Divided by the number of years remaining in the pay-in period	÷ 2.25	÷ 2.25	N/A	N/A
Required payment into the local dedicated fund for the year ended June 30, 2016	352,109	67,155	556,340	623,495
Balance of funds held in the local dedicated fund at June 30, 2015	<u>66,657</u>	<u>12,496</u>	<u>144,779</u>	<u>157,275</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2016	<u>\$ 418,766</u>	<u>\$ 79,651</u>	<u>\$ 701,119</u>	<u>\$ 780,770</u>
Amount Agency has restricted for closure and postclosure care at June 30, 2016	<u>\$ 89,746</u>	<u>\$ 17,070</u>	<u>\$ 150,258</u>	<u>\$ 167,328</u>

The Agency uses the availability of a 5% \$1,500,000 line of credit to demonstrate the ability to meet the financial assurance requirements.

\* \* \*



Cass County Environmental Control Agency

Schedule of Findings and Responses

Year ended June 30, 2016

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -  
Continued

16-III-G Financial Condition: The Agency has a deficit in unrestricted net position of \$1,211,506 at June 30, 2016 as a result of recording its estimated liability for landfill closure and postclosure care costs.

Recommendation: The Agency management should remain aware of this deficit, and its cause, and comply with DNR's plan to reduce the deficit over a period of years.

Response: The deficit was the result of recognizing the Agency's estimated liability for landfill closure and postclosure care costs. The Agency realizes this liability is not due and payable immediately. Rather the liability will be funded over a period of time under guidelines from the DNR.

Conclusion: Response accepted.

\* \* \*